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Proposed Counsel for Joseph Klaynberg

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
In re: : Chapter 11
Joseph Klaynberg, : Case No.
Debtor. :
----- X

AFFIDAVIT PURSUANT TO LOCAL BANKRUPTCY RULE 1007-2

STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)

JOSEPH KLAYNBERG, being duly sworn, deposes and says:

1. I am the Debtor in the above-captioned case (the "Debtor").
2. I submit this affidavit pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules") in support of my petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") filed on the date hereof (the "Petition Date"). Except as otherwise indicated, all facts set forth in this affidavit are based upon personal knowledge, my review of relevant documents, or my opinion based upon experience, knowledge, and information. If called upon to testify, I would testify competently to the facts set forth in this Affidavit.

I. INFORMATION REQUIRED BY LOCAL RULE 1007-2

3. Local Rule 1007-2 requires certain information related to the Debtor, which is set forth below and in the schedules annexed hereto. Unless otherwise indicated, the financial information contained herein is unaudited.

4. Local Rule 1007-2(a)(1): The nature of the Debtor's business and the circumstances leading to the Debtor's filing of its Chapter 11 case are as follows:

Prior to emigrating to the United States, I earned a degree in Civil Engineering. I came to this country in 1979 from Belarus and was able to find work as a carpenter in the New York City. I continued to work in this trade for approximately 7 years. During this period I advanced from a laborer to a supervisor and was able to save enough money to start a small general contracting company, Wonder Works Construction Corp. ("Wonder Works") in 1987. Wonder Works grew from a small carpentry contractor to a successful design and development builder that has completed 388 projects, developed 25 building and constructed thousands of residential units in New York City and the surrounding areas.

As Wonder Works grew, I started to look for larger development opportunities. As part of this strategy, I would finance individual development projects by finding investors to take equity interests in a project. Additional funds needed to complete the project would be borrowed from conventional lenders, both as secured debt and mezzanine financing.

As part of these transactions, Wonder Works would act as the general contractor and I would manage the project, earning fees for asset management and as managing member of the special purpose entity formed for the project. This hybrid method of development allowed Wonder Works to grow, at its height in 2019, to a firm with approximately 120 employees and \$125,000,000 in revenue. However, as I primarily built and developed residential housing, my

business was severely impacted by the pandemic. Currently, Wonder Works employs 22 people and has less than \$4,000,000 in work backlog with no development projects on the horizon

The shutdown order by Governor Cuomo on March 22, 2020 severely impacted a condominium development project located on the upper east side of Manhattan at 302 East 96th Street known as the Vitre Condominium. This was a 21 story fully developed and completed 48 Unit residential building, with only twenty eight residential units and six parking spaced condominiums left unsold.

The Dispute Involving Series 2020A of NAHLA Capital, LLC (“NAHLA”)

The Vitre Condominium project was owned by single purpose entity WWML96 DE MEZZ, LLC (“Owner”). In addition to obtaining funds from its equity investors, Owner borrowed \$43,000,000 from Deutsche Bank (“DB”) as senior secured debt and an additional \$24,939,394 as mezzanine debt on or about January 14, 2019. As part of these loan facilities, the Debtor and Eric Brody (“Brody”) personally guaranteed the obligations to DB on account of the mezzanine debt obligations. Furthermore, the equity in the Borrower was posted as collateral (the “Mezz Loan”).

On or about May 30, 2019, DB assigned the Mezz Loan to an entity known as Meadowbrooke. Thereafter, on or about September 29, 2020, Meadowbrooke assigned the Mezz Loan to NAHLA. It should be observed that NAHLA acquired the Mezz Loan well into the pandemic and at a time when the Owner was unable to sell remaining units and service the Mezz Loan.

On November 9, 2020, NAHLA issued notices of default to both the Owner, Debtor and Brody under the Mezz Loan and guaranty, respectively. It should be noted that Meadowbrooke, NAHLA’s predecessor, issued similar notices of event of default on January 10, 2020, April 6,

2020, May 19, 2020, June 19, 2020, August 19, 2020, September 9, 2020 and October 7, 2020.

Ultimately NAHLA scheduled a public sale, pursuant to the UCC, of the ownership interest of the Owner securing the Mezz Loan for December 8, 2020 (the “UCC Sale”). In an attempt to prevent the UCC Sale from taking place, I caused the Owner to file an action against NAHLA in connection with the UCC sale. Despite my best efforts, the UCC Sale took place on December 8, 2020 and NAHLA acquired the equity in the Owner for the purchase price of \$5,000,000. Thereafter, NAHLA asserted a claim on the personal guarantees and commenced litigation against me and Brody.

In the State Court litigation entitled *WWML96 DE MEZZ, LLC v. Series 2020A of Nahla Capital, LLC, Nahla Capital Management, LLC and Nahla Capital LLC*, the Owner attempted to stay the UCC Sale and thereafter challenged the propriety of the UCC Sale, unsuccessfully.

As a result, on or about November 14, 2021, a judgment was entered against me and Brody in the amount of \$13,085,707.65 in the action entitled *Series 2020A of Nahla Capital, LLC v. Joseph Klaynberg and Eric Brody* (together with the action by WWML96 DE Mezz LLC, the “State Court Actions”). Thereafter, NAHLA commenced collection proceedings against me, including issuing restraining notices to various depository institutions thereby restraining approximately \$1,300,000 of cash assets.

I verily believe that the entry of that judgment was improper as set forth in the State Court Actions, as it was submitted that NAHLA lacked standing to prosecute these claims and further that the UCC Sale was commercially unreasonable. This judgment is subject to a motion to renew and a notice of appeal has been filed. It is my intention to vigorously prosecute the appeal of this judgment and the propriety of the UCC Sale. While the appeals are pending, I intend to utilize the Chapter 11 process to restructure my businesses and to prevent NAHLA

from liquidating my interests in numerous projects piecemeal, to the detriment of my other creditors.

5. Local Rule 1007-2(a)(2): Not applicable because the Debtor's case was not originally commenced under Chapter 7 or 13.

6. Local Rule 1007-2(a)(3): Not applicable because no committee was organized prior to the Petition Date.

7. Local Rule 1007-2(a)(4): Schedule 1 hereto lists the following information with respect to each of the holders of the Debtor's twenty (20) largest unsecured claims, excluding claims of insiders: the creditor's name, address (including the number, street, apartment or suite number, and zip code, if not included in the post office address), telephone number, the name(s) of persons(s) familiar with the Debtor's accounts if known, the amount of the claim, and an indication of whether the claim is contingent, unliquidated, disputed or partially secured.

8. Local Rule 1007-2(a)(5): Schedule 2 hereto provides the following information with respect to each of the holders of the Debtor's six (6) largest secured claims: the creditor's name and address (including the number, street, apartment or suit number, and zip code, if not included in the post office address), the amount of the claim, a brief description of the claim, an estimate of the value of the collateral securing the claim, and whether the claim or lien is disputed.

9. Local Rule 1007-2(a)(6): Schedule 3 hereto is a summary of the Debtor's assets and liabilities.

10. Local Rule 1007-2(a)(7): Not applicable because none of the securities of the Debtor are publicly held.

11. Local Rule 1007-2(a)(8): Not applicable because none of the Debtor's property is in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of

rents or secured creditor, or agent for any such entity.

12. Local Rule 1007-2(a)(9): The Debtor does not operate a business, but leases his residence at 114 Mulberry Street, Apt. 703, New York, New York 10013.

13. Local Rule 1007-2(a)(10): Schedule 4 hereto provides the location of the Debtor's substantial assets, the location of his books and records, and the nature, location, and value of any assets held by the Debtor outside the territorial limits of the United States.

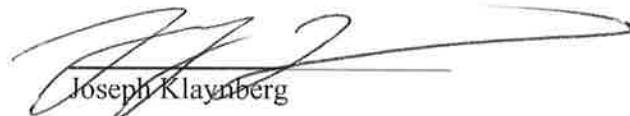
14. Local Rule 1007-2(a)(11): Schedule 5 hereto provides a list of current litigations involving the Debtor.

15. Local Rule 1007-2(a)(12): Not applicable since the Debtor is an individual debtor.

16. Local Rule 1007-2(b)(1): Not applicable since the Debtor is an individual debtor.

17. Local Rule 1007-2(b)(2): Not applicable since the Debtor is an individual debtor.

18. Local Rule 1007-2(b)(3): Not applicable since the Debtor is an individual debtor.

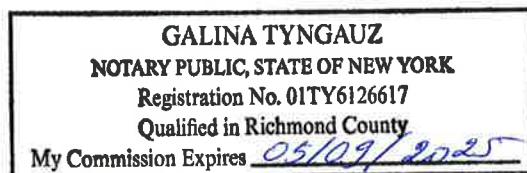


Joseph Klaynberg

Sworn to on the
10th day of February, 2022



Galina Tyngauz
Notary Public



Schedule 1

20 Largest Unsecured Claims (Excluding Insiders)

See Attached

Fill in this information to identify your case:

Debtor 1	Joseph Klaynberg		
	First Name	Middle Name	Last Name
Debtor 2 (Spouse if, filing)	First Name	Middle Name	Last Name
United States Bankruptcy Court for the:	SOUTHERN DISTRICT OF NEW YORK		
Case number (if known)			

Check if this is an amended filing

B 104

For Individual Chapter 11 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims Against You and Are Not Insiders

12/15

If you are an individual filing for bankruptcy under Chapter 11, you must fill out this form. If you are filing under Chapter 7, Chapter 12, or Chapter 13, do not fill out this form. Do not include claims by anyone who is an insider. Insiders include your relatives; any general partners; relatives of any general partners; partnerships of which you are a general partner; corporations of which you are an officer, director, person in control, or owner of 20 percent or more of their voting securities; and any managing agent, including one for a business you operate as a sole proprietor. 11 U.S.C. § 101. Also, do not include claims by secured creditors unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 20 largest unsecured claims.

Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information.

Part 1: List the 20 Unsecured Claims in Order from Largest to Smallest. Do Not Include Claims by Insiders.

		Unsecured claim
1	What is the nature of the claim? 114 MS Owner LLC 114 Mulberry Street Ground Floor New York, NY 10013	Guaranty of lease for Wonder Works Construction Corp. \$0.00
	As of the date you file, the claim is: Check all that apply <input checked="" type="checkbox"/> Contingent <input checked="" type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <input type="checkbox"/> None of the above apply	
	Does the creditor have a lien on your property? Contact _____ Contact phone _____	 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Total claim (secured and unsecured) Value of security: _____ Unsecured claim: _____
2	What is the nature of the claim? AIG Investments 777 S. Figeroa Street 16th Floor Los Angeles, CA 90017	Guaranty of debt of 5CP Landlord, LLC \$19,753,853.00
	As of the date you file, the claim is: Check all that apply <input checked="" type="checkbox"/> Contingent <input checked="" type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <input type="checkbox"/> None of the above apply	
	Does the creditor have a lien on your property? _____	 <input checked="" type="checkbox"/> No

Debtor 1 Joseph Klaynberg Case number (if known) _____

Contact _____

Yes. Total claim (secured and unsecured)

Value of security: _____

Contact phone _____

Unsecured claim _____

3

Bank Leumi
579 Fifth Avenue
New York, NY 10017

What is the nature of the claim? **Guaranty of debt of
WW1834, LLC** \$9,000,000.00

As of the date you file, the claim is: Check all that apply

- Contingent
- Unliquidated
- Disputed
- None of the above apply

Does the creditor have a lien on your property?

No

Yes. Total claim (secured and unsecured)

Value of security: _____

Contact _____

Unsecured claim _____

Contact phone _____

4

Cheryl Lifshitz
508 West 24th Street
New York, NY 10011

What is the nature of the claim? **Guaranty of debt of
WWML 96 LLC** \$580,000.00

As of the date you file, the claim is: Check all that apply

- Contingent
- Unliquidated
- Disputed
- None of the above apply

Does the creditor have a lien on your property?

No

Yes. Total claim (secured and unsecured)

Value of security: _____

Contact _____

Unsecured claim _____

Contact phone _____

5

Investors Bank
101 Wood Avenue South
Iselin, NJ 08830

What is the nature of the claim? **Guaranty of debt of
Edward Klaynberg** \$325,000.00

As of the date you file, the claim is: Check all that apply

- Contingent
- Unliquidated
- Disputed
- None of the above apply

Does the creditor have a lien on your property?

No

Yes. Total claim (secured and unsecured)

Value of security: _____

Contact _____

Unsecured claim _____

Contact phone _____

6

What is the nature of the claim? **Guaranty of debt of
Spectra 101 LLC** \$6,181,578.00

Debtor 1 Joseph Klaynberg Case number (if known) _____

Key Bank National Assoc.
66 South Pearl Street
5th Floor
Albany, NY 12207

As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 None of the above apply

Does the creditor have a lien on your property?

No
 Yes. Total claim (secured and unsecured)
Value of security:
Unsecured claim

7

M&T Bank
One M&T Plaza
3rd Floor
Buffalo, NY 14203

What is the nature of the claim? **Guaranty of debt of Chabad of Gramercy Park** \$23,000,000.00

As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 None of the above apply

Does the creditor have a lien on your property?

No
 Yes. Total claim (secured and unsecured)
Value of security:
Unsecured claim

8

M&T Bank
Commercial Real Estate
350 Park Avenue, 6th Floor
New York, NY 10022

What is the nature of the claim? **Guaranty of debt of Greenpoint Partners, LLC** \$11,400,000.00

As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 None of the above apply

Does the creditor have a lien on your property?

No
 Yes. Total claim (secured and unsecured)
Value of security:
Unsecured claim

9

Morgan Stanley
1585 Broadway
New York, NY 10036

What is the nature of the claim? **Guaranty of debt of 114 MS Owners, LLC** \$17,700,000.00

As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 None of the above apply

Debtor 1 Joseph Klaynberg Case number (if known) _____

Does the creditor have a lien on your property?

No
 Yes. Total claim (secured and unsecured)
Value of security:
Unsecured claim

Contact _____

Contact phone _____

10

Peoples United Bank NA
225 Asylum Street
Hartford, CT 06103

What is the nature of the claim?

**Guaranty of debt of
Spectra 111 Landlord
LLC**

\$15,560,000.00

As of the date you file, the claim is: Check all that apply

Contingent
 Unliquidated
 Disputed
 None of the above apply

Contact _____

Contact phone _____

Does the creditor have a lien on your property?

No
 Yes. Total claim (secured and unsecured)
Value of security:
Unsecured claim

11

Series 2020A of NAHLA Capital
645 Madison Ave
21st Floor
New York, NY 10022

What is the nature of the claim?

Avoidable judgment

\$14,000,000.00

As of the date you file, the claim is: Check all that apply

Contingent
 Unliquidated
 Disputed
 None of the above apply

Contact _____

Contact phone _____

Does the creditor have a lien on your property?

No
 Yes. Total claim (secured and unsecured)
Value of security:
Unsecured claim

12

State of NY Unemploy. Ins. Bd.
PO Box 29002
Brooklyn, NY 11201

What is the nature of the claim?

**Disputed amounts
owed by Wonder
Works Construction
Corp.**

\$474,500.00

As of the date you file, the claim is: Check all that apply

Contingent
 Unliquidated
 Disputed
 None of the above apply

Contact _____

Does the creditor have a lien on your property?

No
 Yes. Total claim (secured and unsecured)

Debtor 1 Joseph Klaynberg Case number (if known) _____

Contact phone _____

Value of security:
Unsecured claim _____

13 What is the nature of the claim? Disputed qui tam claim \$2,000,000.00

The City and State of New York
New York City Law Dept.
8917 Sutphin Blvd.
Jamaica, NY 11435

As of the date you file, the claim is: Check all that apply

- Contingent
- Unliquidated
- Disputed
- None of the above apply

Does the creditor have a lien on your property?

- No
- Yes. Total claim (secured and unsecured)

Value of security:
Unsecured claim _____

Part 2: Sign Below

Under penalty of perjury, I declare that the information provided in this form is true and correct.

X 
Joseph Klaynberg
Signature of Debtor 1

X _____
Signature of Debtor 2

Date

2/10/22

Date

Schedule 2

6 Largest Secured Claims

<u>Creditor</u>	<u>Amount of Claim</u>	<u>Description of Claim</u>	<u>Value of Collateral Securing Claim</u>	<u>Lien or Claim Disputed (Y/N)</u>
Chase Bank 700 Kansas Lane Monroe, CA 71203	\$1,261,618	Mortgage	\$4,850,000	

Schedule 3

Summary of Debtor's Assets and Liabilities

Assets:

Real Property	\$2,425,000
Personal Property	\$3,001,460
Total	\$5,426,460

Liabilities:

Secured Claims	\$1,261,618
Unsecured Claims	\$119,974
Total	\$121,236,549

Schedule 4

**Location of Debtor's Significant Assets, Books
and Records and Assets Outside of U.S.**

Asset	Location	Value (if Outside U.S.)
Books and Records	114 Mulberry Street, New York, New York 10013	N/A
Interests in various entities	New York, New York and environs	N/A

Schedule 5

Pending Litigation and Claims

Nahla Capital vs Joseph Klaynberg and Eric Brody, Case No. 650347-2021, Supreme Court, New York County, On Appeal

The City and The State of New York v. 260 Park Ave. South LLC, et al, Case No. 109249-2011, Supreme Court, New York County, Pending

22420.2000 20271546